

SB 5

RELATING TO PUBLIC LANDS

Provides several means of compensation in addition to rent reductions when the State withdraws, condemns, or takes public land leased for intensive agricultural or pastoral uses and renders the land unusable for the original purposes of the lease.

WTL/AGL, WAM

NEIL ABERCROMBIE
GOVERNOR OF HAWAII



**STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES**

POST OFFICE BOX 621
HONOLULU, HAWAII 96809

**Testimony of
WILLIAM J. AILA, JR
Chairperson**

**Before the Senate Committees on
WATER AND LAND
and
AGRICULTURE**

**Thursday, January 31, 2013
2:00 PM
State Capitol, Conference Room 229**

**In consideration of
SENATE BILL 5
RELATING TO PUBLIC LANDS**

Senate Bill 5 relates to providing fair compensation when leased public land for agricultural or pastoral uses is withdrawn, condemned, or taken for public purposes. This bill represents a compromise position between the Legislature and the Department of Land and Natural Resources (Department) reached last session,¹ and, as such, the Department has no objection to its reintroduction this session.

In the past, the Department has had serious concerns with similar types of legislation because the concept behind these measures had the potential to impede the State's flexibility to set-aside portions of state lands for state public purposes. Implementation of this measure will potentially result in the Department having to pay additional costs to pasture and agricultural lessees when lands are withdrawn for a public purpose. Additional expenses include appraisal costs to determine value of breeding livestock, paying the difference between appraised value and salvage value of such livestock, and reimbursing lessees for insurance and real property tax expenditures on lands made subject to easements.

¹ See House Bill 1617, Committee Draft 1, which was vetoed by the Governor because the bill included an unrelated measure on lease extensions that the Governor deemed objectionable.

WILLIAM J. AILA, JR.
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT

ESTHER KIA'AINA
FIRST DEPUTY

WILLIAM M. TAM
DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES
BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
COMMISSION ON WATER RESOURCE MANAGEMENT
CONSERVATION AND COASTAL LANDS
CONSERVATION AND RESOURCES ENFORCEMENT
ENGINEERING
FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS



Email: communications@uluponoinitiative.com

SENATE COMMITTEES ON WATER & LAND/AGRICULTURE
Thursday, January 31, 2013 — 2 p.m. — Room 229

Ulupono Initiative Supports SB 5, Relating to Public Lands

Dear Chairs Solomon & Nishihara, Vice Chairs Shimabukuro & Kouchi and Members of the Committees:

My name is Kyle Datta and I am General Partner of the Ulupono Initiative, a Hawai'i-based impact investment firm that strives to improve the quality of life for the people of Hawai'i by working toward solutions that create more locally grown food, increase renewable energy, and reduce/recycle waste.

As an investor in agriculture, Ulupono believes it is important that fair compensation be provided by the State of Hawai'i to reflect the value of the land's agricultural use when the State withdraws lands from lease or places an easement on a lease.

SB 5 provides several means of compensation when the State withdraws, condemns, or takes public land leased for intensive agricultural or pastoral uses, which renders the land unusable for the original purposes of the lease. The current law only allows rental rate reduction that does not consider lost value, which could include breeding animals sold for slaughter because the lease was ended with as little as six months notice. The bill also would reimburse a lessee for costs associated with property taxes or insurance on lands where an easement has been placed by the State.

Ulupono has joined with a diverse group of organizations who have come together for the first time as the Local Food Coalition to support proposals designed to help grow more local food. The coalition brings together farmers, ranchers, livestock producers, investors and other organizations. The idea is that putting more local food on local plates can best be accomplished by bringing people and organizations together who can work on the entire food value chain in a systematic way.

We believe that by working together, we can help produce more local food, and support an economically strong homegrown agriculture industry that strengthens our community with fresh, healthy food. Thank you for the opportunity to testify.

Respectfully,

Kyle Datta
General Partner





Local Food Coalition

SENATE COMMITTEE ON WATER AND LAND
SENATE COMMITTEE ON AGRICULTURE
Thursday January 31, 2013 2:00 p.m. Room 229

SB 5 RELATING TO PUBLIC LANDS

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Chair Solomon, Chair Nishihara, Vice Chairs and Members of the Committee:

My name is Alan Gottlieb, and I represent the Local Food Coalition on this matter.

The Local Food Coalition (LFC) brings together farmers, ranchers, livestock producers, investors and other leading organizations, who collectively manage more than 1 million acres of land, and produce the majority of food in our state. Solving our challenge of increasing the local food supply — putting more local food on local plates — can best be accomplished by bringing people and organizations together who can work on the entire food value chain in a systematic way.

The Local Food Coalition strongly supports SB 5.

This bill would provide fair compensation to lessees for breeding livestock when a withdrawal or taking of leased land renders the land unusable for the lessee's original intended purposes.

When the State restricts the intended use of leased pastoral lands, the current law only requires the lessees to receive a rental rate reduction. However, a rental rate reduction does not provide fair compensation for the value of breeding stock, which must be disposed of for less than market value. For example, when DLNR restricted agricultural use to widen a highway, existing breeding cattle had to be removed and sent to slaughter for much less than their value as breeding stock, without direct compensation.

The intent of this bill passed last session (HB 1617), and for the third time in four years was vetoed by the Governor. This past session the cattlemen had come to terms with DLNR and they supported this bill. During conference committee, an unrelated matter was added as another section in the bill, dealing with extending commercial lease terms in Hilo. DLNR could not support that and the Governor vetoed the bill. In his veto message, the Governor stated that he had no problem with this portion of the bill, and would work to get it passed this session.

We appreciate this opportunity to provide testimony on this matter.



Local Food Coalition

SENATE COMMITTEE ON WATER AND LAND
SENATE COMMITTEE ON AGRICULTURE
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